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PARTICIPATORY GOVERNANCE FOR EFFICIENCY AND EQUITY: AN OVERVIEW OF ISSUES AND EVIDENCE

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PARTICIPATORY GOVERNANCE: AN OVERVIEW OF ISSUES AND EVIDENCE

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I. Introduction

The idea of participatory governance has gained enormous popularity in recent times, both in academic discourse and actual practice. Analysts have used theoretical constructs such as ‘deliberative democracy’ and ‘empowered participatory governance’ to scrutinise the scope and limitations of people’s participation in the process of governance.¹ At the same time, some high-profile examples of successful participatory governance such as those of Porto Alegre in Brazil and the states of Kerala and West Bengal in India, and to a lesser extent South Africa, have aroused great expectations among activists and policymakers all over the world. More generally, the recent emphasis on good governance as the foundation for sustained and equitable development has entailed widespread interest in participation in the development circle, as effective participation by all stakeholders, especially at local levels of government, has come to be viewed as a necessary condition for promoting good governance.² In the developed world too, people’s participation in social decision-making processes is increasingly being emphasized as a means of combating a range of social malaise, including the problems of social exclusion, political apathy and so on. Finally, in post-conflict, post-transition and other fragile societies broad-based participation in public affairs is being promoted as a means of creating the social capital necessary for building a cohesive society (e.g., Brown 2006).

A huge burden of expectation is thus being placed on the slender shoulders of participation, which almost inevitably has begun to produce a backlash; so much so that some have even begun to speak of the ‘tyranny’ of participation (e.g., Cooke and Kothari, 2001). Yet the fact remains that for all the enthusiasm being shown in its support, examples of genuinely effective participation by all the relevant stakeholders, especially by the marginalised, socially excluded and disadvantaged groups, is still more of an exception than the rule.³ Social action that is necessary to turn the idea of effective participation into reality is only beginning to emerge in most parts of the world. No less

¹ The idea of deliberative democracy has been explored extensively in a number of recent contributions, which include Bohman and Rehg (1997), Elster (1998), Freeman (2000) and Conover *et al.* (2002). For an authoritative account of the notion of Empowered Participatory Governance, see Fung and Wright (2003a).

² Mansuri and Rao (2004), Hickey and Mohan (2005) and Bardhan and Mookherjee (2006) contain detailed discussion of recent experience.

³ We define ‘effective’ participation as one in which all the relevant stakeholders take part in decision-making processes and are also able to influence the decisions in the sense that at the end of the decision-making process all parties feel that their views and interests have been given due consideration even if they are not always able to have their way.

importantly, much of the analytical work that is necessary to guide that social action – in terms of clarifying the relevant conceptual issues and distilling the lessons of experience – also remains to be done, even though a good deal of work has already been done. The present paper seeks to make a contribution towards this analytical task, by building on the work that has been done so far.⁴

The paper proceeds by clarifying some conceptual issues related to the rationale of participation and varieties of its manifestation in Section II. Section III discusses the evidence for the claimed benefits of electoral participation at national level, by drawing upon the burgeoning literature on democracy and development. Sections IV and V examine the evidence on participation at local levels of government, focussing on the links between participation and decentralization. Section IV is concerned with the efficiency effects of participatory decentralization, while section V is concerned with the equity effects. Section VI attempts to draw some lessons for effective participation based on the evidence discussed in the preceding sections. This discussion identifies three gaps – called the capacity gap, the incentive gap and the power gap – which must be bridged by appropriate social action and institution building for effective participation to be possible. The paper ends by offering some concluding observations in Section VII, drawing particular attention to the need for fostering synergies between the pre-conditions for effective participation and the practice of participation.

II. The Rationale and Varieties of Participation: Some Conceptual Issues

Participation is valued for both intrinsic and instrumental reasons. The intrinsic value refers to the idea that the act of participation is valuable in itself, quite apart from any value it may have in helping to achieve other good things. Amartya Sen's forceful exposition of the idea of 'development as freedom' clearly recognises the intrinsic value of participation in the development process (Sen 1999). In this perspective, development consists in the expansion of a range of freedoms to do and to be the things that human beings have reasons to value, and the freedom to participate meaningfully in public affairs is seen as one of those valuable freedoms.

Sen (2002) makes a distinction between the opportunity aspect and the process aspect of freedom that is especially relevant in this context. The opportunity aspect refers to the freedom to achieve valuable outcomes such as the ability to lead a life free from hunger, disease, illiteracy, etc., while the process aspect refers to the manner in which these outcomes are achieved – in particular, whether people have the freedom to influence the process that leads to the valuable outcomes. Development consists in the expansion of both these aspects of freedom because people attach value not just to the final outcomes but also to the process through which these outcomes are achieved.

⁴ In particular, the paper draws heavily upon a number of background papers written for the forthcoming *World Public Sector Report 2007* of the United Nations Department for Economic and Social Affairs – viz. Blair (2007), Commins (2007), Manor (2007), Platteau (2007) and Przeworski (2007).

The freedom to participate is related to the process aspect of freedom, and as such it is very much a constituent of development, not just a means of achieving it. As a constituent it may be valued just as much as the final outcomes. For instance, while people value freedom from hunger, they are not indifferent to the process through which this outcome is achieved. In particular, they have reason to value a process in which they have the freedom to participate actively in the choice of pathways leading to freedom from hunger as compared to a process in which this outcome is gifted to them by a benevolent dictator. This value of the freedom to participate in the process is distinct from and in addition to any value people may attach to the outcomes that may be achieved through participation. The intrinsic value of participation derives from the value people attach to this process aspect of freedom.

The argument that the freedom to participate in the development process is a valuable freedom in its own right has not remained confined to the philosopher's domain. The force of the argument has been recognised, for example, by the international human rights discourse, in which the right to participate is enshrined alongside rights to other civil-political and socio-economic freedoms. This recognition is quite explicit in the Declaration of the Right to Development adopted by the United Nations in 1986, which says: "The right to development is an inalienable human right by virtue of which every human person and all peoples are *entitled to participate in*, contribute to and enjoy economic, social, cultural and political development, in which all human rights and fundamental freedoms can be fully realised." (UN 1986, Paragraph 1 of Article 1; italics added) It is evident from this statement that the right to development is to be seen not simply as a right to 'enjoy' the fruits of development, but also as a right to participate in the process of realizing them.

The right to participate is not limited, however, to the context of development. It's a very general right that has a bearing on all spheres of public affairs, and as such it is equally applicable to developed as well as developing countries. This is evident from the following excerpt from Article 25 of the International Covenant on Civil and Political Rights: "Every citizen shall have the right and the opportunity ... *To take part* in the conduct of public affairs, directly or through freely chosen representatives ..." (italics added). Thus the universality of the right to participate has been recognized beyond dispute, underlining the intrinsic value of participation in all spheres of public life.

It's a welcome bonus that in addition to being intrinsically valuable participation can also be a powerful instrument for achieving a range of valuable outcomes. In particular, participation has the potential to achieve more efficient and equitable outcomes in many different contexts of decision-making such as allocation of budgetary resources among alternative uses, management of common property resources, delivery of community services, and so on.

Both allocative and technical efficiency can be enhanced through participation. Crucial to the achievement of allocative efficiency is success in ensuring that resources are allocated in accordance with the preferences of the people concerned. But ascertaining what the preferences are is not a simple task. Market has its own way of eliciting information on

preferences (even though it can sometimes go awry), but this can be a seriously tricky affair in non-market spheres such as bureaucratic decision-making processes, which may have no reliable mechanism for revealing the preferences of those likely to be affected by the decisions. Decisions based on wrong perceptions of what people actually want can result in wastage of scarce resources i.e., in the loss of allocative efficiency. This is one of the pitfalls of top-down bureaucratic decision-making. By contrast, participation by relevant stakeholders in the decision-making process may make it easier to achieve allocative efficiency by facilitating the process of preference revelation. When people are able to exercise their voice in the conduct of public affairs, they will have an opportunity to reveal their true preferences. Only participation can allow this exercise of voice.⁵

Technical efficiency – which refers to the efficiency with which resources are used for a given end⁶ – can also be improved through participation in a number of ways. One of them hinges on the notion of informational asymmetry and another on the idea of accountability. Informational asymmetry is a common problem in the typical top-down procedures of designing and implementation of community-level projects, where those in charge of the projects may not possess some relevant information that local people may have. Two types of problems can follow from such asymmetric information – known as ‘hidden information’ and ‘hidden action’ problems respectively. Both of them are relevant in the present context.

The ‘hidden information’ problem arises because the bureaucrats and technocrats responsible for the projects do not often have access to the details of local-level information that may be necessary for proper design and implementation of projects. Local people may possess the necessary information, but this information needs to be harnessed and used in tandem with the technical knowledge possessed by others if the project is to achieve efficient outcomes. Thus in principle the problem of hidden information can be solved by a co-operative decision-making framework that involves all those who possess relevant information. Participation of local people in the design and implementation of community-level projects is essential for this purpose.

Participation can also help deal with the ‘hidden action’ aspect of informational asymmetry that often stands in the way of efficient execution of projects. In a top-down bureaucratic framework, implementation of local-level projects will typically involve local people working for remuneration. If these workers choose to be negligent in their duties, this will have an adverse effect on the outcome of the project, but the bureaucrats may find it hard to detect the offenders through the arm’s length monitoring methods they typically employ. Nor is it always possible to detect negligence *ex post* by observing project outcome, because even if the outcome happens to be poor the bureaucrats may not have the information necessary to decide whether it is the workers’ negligence or some

⁵ As we shall see in Section IV, participation does not guarantee that allocations will be made on the basis of true preferences; for various reasons, distortion of preferences can occur even in participatory processes. All that is being claimed here is that participation makes allocation based on true preferences more likely than would otherwise be the case.

⁶ Strictly speaking, this definition is somewhat broader than what economists call technical efficiency as it also includes the related but distinct concept of X-efficiency.

extraneous factors that are responsible for poor outcome. This is a typical moral hazard problem – one that entails loss of efficiency through harmful hidden action. Participation of the local community in all stages of project cycle can help circumvent this problem in at least two ways. First, the community may employ the method of ‘peer monitoring’ to prevent negligence, which has a greater likelihood of success than the arm’s length method employed by the bureaucrats. Secondly, the sense of ownership that participation can bring may itself act as a deterrent – after all people don’t normally cheat in the tasks they consider their own.

The other route through which participation can improve efficiency is by strengthening the institutions of accountability. Politicians and government officials who take decisions and implement them supposedly for the benefit of the people are often subject to pressures that might conflict with the goal of serving the public interest. The more accountable they are, however, for their actions, the less likely they are to succumb to those pressures and the greater the likelihood of more efficient outcomes.

There are many different ways of ensuring accountability. Some of them are quite formal – for example, administrative and judicial procedures for scrutinising the performance of government officials and holding periodic elections for politicians. The latter – i.e., the holding of periodic elections – is one of the channels through which people can participate in accountability procedures. If elective representatives do not perform to the satisfaction of the voters, the latter have the option of removing them from office in the next election. It is because of this accountability-enforcing property of elections that democracy is sometimes claimed to be more conducive to development than its alternatives such as autocracy. There are, however, arguments on the other side as well, and the relationship between development and the type of government remains a matter of lively debate.⁷

Election in any case is a rather blunt instrument for holding politicians accountable for specific actions. This is partly because of the long time lag between successive elections and partly because of the fact that elected representatives are expected to perform many different tasks some of which they might do rather well while failing in others. Elections can, however, be supplemented by other participatory mechanisms with more direct and immediate impact on accountability – for example, holding a village meeting in which the elected officials are required to explain to the public how they spent the money entrusted to them for the benefit of the villagers. As a supplement to the standard administrative procedures for ensuring accountability, these participatory mechanisms can help strengthen the overall institutional framework for holding the duty-bearers accountable for their actions and thereby improve the likelihood of efficient outcomes.

In addition to spurring more efficient use of resources, participation also has the potential of improving the likelihood of more equitable outcomes. Efficiency and equity are both qualities that are worth aspiring for, but unfortunately in most cases of public policy one has to face a trade-off between the two; for instance, while carrying out redistributive policies that transfer resources from the rich to the poor, some efficiency may have to be

⁷ The evidence on the relationship between democracy and development is examined in section III.

sacrificed for the sake of equity. In reality, there are not too many policy instruments that can improve efficiency and equity at the same time. Fortunately, participation is one of those rare instruments that can potentially do so.⁸

In fact, some of the pathways through which participation can lead to higher efficiency are also the ones that can lead to more equitable outcomes. For example, when people exercise their voice to reveal their preferences over alternative outcomes and policies to achieve them, it not only helps improve allocative efficiency but also creates an opportunity for the weaker and marginalised groups of the society to press for their interest in a way that is seldom possible in the standard practice of governance. The same is true about the pathways that allow participation to strengthen the institutions of accountability. While helping to achieve technical efficiency, participatory mechanisms of accountability also provide an opportunity to the weaker segments of the society to ensure that the duty-bearers cannot get away with policies and practices that are unjust and unfair towards them. As a result, when it comes to taking policy decisions with distributive consequences, such as how to use the resources at the disposal of the local government or how to choose beneficiaries of services to be delivered by the government, participatory mechanisms are likely to achieve more equitable outcomes compared to non-participatory ones.

The instrumental role of participation can be further clarified by examining its relationship with two other concepts – viz., empowerment and social capital. These two may be thought of as intermediate variables through which participation promotes efficiency and equity.

The causal link between participation and empowerment is quite straightforward. In normal processes of governance, in which decisions are taken by an elite coterie consisting of politicians, bureaucrats and technocrats, ordinary people are powerless to influence the decisions that may have far-reaching consequences for their lives and livelihoods. Even if those decisions happen to be favourable to them, the fact remains that they are at the mercy of a distant group of decision-makers over whom they have very little control. Participation can change all that. The very presence of ordinary people at the discussion table will give them some power to influence the decision-making processes and their outcomes – even if they are not always able to participate on equal terms with the elite decision-makers. One would thus expect participatory mechanisms to be more empowering than non-participatory ones, even though the degree of empowerment may well vary depending on circumstances.

Participation also has obvious implications for the formation of social capital, which consists of the networks of relationships between different individuals and groups operating outside the market sphere. Through the very act of bringing people together and allowing them to interact with each other in the course of decision-making activities outside the market, participatory governance gives people an opportunity to strengthen these networks and build new ones. The result is an expansion of social capital – both the

⁸ Section IV reviews the evidence on the efficiency effect of participation. The equity outcomes of participation are examined in section V.

‘bonding’ type that ties people from similar social status and the ‘bridging’ type that allows people from different stations in life to get closer to each other.

These effects of participation – viz., empowerment and expansion of social capital – can in turn have salutary effects on the efficiency and equity of the outcomes that decision-making processes are meant to achieve. Both of them can enable people to express their preference better and to make them count, thereby enhancing allocative efficiency; to improve the accountability of those who are responsible for implementing decisions, thereby improving technical efficiency; and to ensure that the interests of those suffering from marginalisation and social exclusion are not ignored or trampled over, thereby promoting the cause of equity.

Of course, it is not guaranteed that participation will always be able to achieve these desirable outcomes, and even when it does so the degree of success can vary widely. Much will depend on the extent to which participation can actually lead to greater empowerment and stronger social capital. But that in turn will depend, among other things, on the initial levels of empowerment and social capital with which different social groups enter into process of participation. The higher the initial endowments of these two entities, the more potent will participation be to engender further empowerment and social capital, and thereby to achieve more efficient and equitable outcomes of decision-making processes. It is indeed arguable that participation can achieve very little in a situation where the endowment of empowerment and social capital is practically non-existent to begin with. One of the concerns of this paper will be to examine the strategies and actions that can be help enhance these initial endowments.

The point that needs to be emphasised, however, at this stage is that there exists a synergistic relationship between participation on the one hand and empowerment and social capital on the other – they can mutually reinforce each other, thereby engendering a virtuous cycle.⁹ An important implication of this point is that there is no need to wait for a very high level of empowerment and social capital to emerge before participatory governance can be allowed to proceed. All that may be necessary is to cross a critical minimum threshold of these two endowments beyond which the synergy mentioned above would be able to render participation a self-reinforcing process. This will of course have to be supplemented by an appropriate institutional framework for participation so that the self-reinforcing process can achieve its full potential.¹⁰

The actual practice of participatory governance varies enormously in its form and effectiveness, depending on the initial endowments and the quality of the institutions for participation. One way of making sense of this diversity is to compare the varieties of practice along two dimensions, viz. the scope and the intensity of participation. In terms of scope, participation can in principle encompass four distinct types of activities, which together might be said to constitute the act of governance – viz. (a) ascertaining people’s preferences over alternative social outcomes and alternative processes of achieving those

⁹ The issue of synergy is discussed more fully in section VII.

¹⁰ Some of the most important classes of actions that are needed to ensure success of participatory processes are examined in details in section VI.

outcomes, (b) formulation of policies, rules and institutions based on those preferences, (c) implementation of the proposed policies, rules and institutions, and (d) monitoring, evaluation and ensuring accountability of policy formulation and implementation.¹¹ Participation can be said to be the most extensive in scope when it occurs in each of these phases. Such comprehensive participation is, however, rare in real life; most instances of participatory governance cover a subset of the four phases (Blair, 2007).

The scope of participation is not of course an adequate measure of the effectiveness or quality of participation, as it also depends on the intensity of participation. In each of the four phases, the intensity of participation can vary from the superficial to the deeply engaged form of involvement by the relevant stakeholders. The degree of intensity is in turn a function of the institutional framework within which participation is embedded. The institutional framework embodies the rules of the game that determine, for example, who will be allowed to participate in decision-making process, how they will express their preferences, how the preferences of different stakeholders will be reconciled, and how they will be involved in the processes of implementation, monitoring, evaluation and accountability. It is the quality of these institutional details that ultimately determines the quality of participation.

Thus although intuitively participation would appear to be a simple idea, its institutional manifestation can be quite complex. Its scope can vary widely depending on which of the four stages of policy cycle it happens to encompass and its intensity can span a wide spectrum depending on the institutional framework that defines the rules of the game for participation in each phase. One consequence of this complexity is that participation cannot be seen as an ‘all or nothing’ affair – it’s a matter of degree, reflecting variations in both scope and intensity. This also means that if the quality of participation in some specific instance falls short of whatever one thinks to be the ‘ideal type’, that is not necessarily a reason for despair. What matters is whether the existing form and structure of participation makes for a quality of participation that is good enough for the purpose at hand.¹² Once a minimum threshold of quality is ensured, the self-reinforcing property of participation discussed earlier can be expected to take over.

Yet another consequence of the complexity mentioned above is that the institutional details of participation cannot be expected to be identical everywhere even if the immediate objective of participation is the same (for example, providing a particular type of service to a community, or deciding on the pattern of resource allocation at the level of local government). The same objective may call for different forms of participation in different contexts, and this is true in both positive and normative senses. The positive sense is that the institutional structure that is most likely to emerge to foster participation in a specific context would vary depending, among other things, on the ‘initial conditions’ – i.e., the number and quality of the people involved, balance of forces

¹¹ In the context of specific policies, these may be seen as four phases of the policy cycle. See Osmani (2002).

¹² This is not an argument for being complacent with the status quo or against trying to improve things further, but a reason for not resigning oneself to nihilism at the first sight of imperfection – a point that resonates with Merilee Grindle’s idea of ‘good enough governance’ (Grindle, 2004).

between different social groups, the overall socio-political environment, the level of economic development, and so on. The normative sense is that the structure of participation that may be deemed appropriate for a specific purpose may also vary depending on these initial conditions. The context-specificity of the structure of participation is, therefore, an inescapable fact of life. Any attempt to transfer lessons of successful participation from one context to another ought to be conscious of this fact.

III. Electoral Participation in National Governance: The Instrumental Value

Participation is expected to achieve many good things, but what is the evidence in this regard? One of the problems of assessing the evidence is that participation can occur in many different forms and in many different contexts, and its effect can also vary accordingly. Making sense of the evidence, after allowing for the contextual differences, is therefore not a simple task. Some of the most rigorous analysis of the evidence carried out so far relates to the effect of participation as embodied in the nature of political regimes that govern the nation states – a body of literature that has come to be known as the ‘democracy and development’ debate. The issue in question is whether democracy promotes development better than autocracy and the answer is sought by comparing the experience of countries with different political regimes.

The relevance of this debate in the present context is that democracy represents a basic form of participation by ordinary people in the act of governance, while autocracy represents its absence. Any evidence in favour of democracy can, therefore, be adduced as evidence in favour of participation. In most democracies, however, people participate only indirectly through elected representatives; as such, a democratic political regime governing at the national level can be said to embody participation only at a minimum level of intensity. Still it is interesting to know whether even this minimalist type of participation has any instrumental value in promoting development. If the answer is yes, that would provide at least a *prima facie* case for the view that more intense types of participation at national and local levels would promote development even better.

Development of course has many dimensions and it is conceivable that the effect of democracy might be different for different dimensions. The dimension that has been investigated most extensively is the rate of economic growth, and yet the evidence accumulated so far is by no means conclusive.¹³ During the second half of the twentieth century, democracies as a group have enjoyed a slightly faster rate of growth of per capita income than autocracies as a group. But even this small difference disappears when one controls for the different initial conditions and extraneous influences under which different political regimes have operated. Thus on the average democracy does not seem to have any edge over autocracy in terms of economic growth.

¹³ Most of the findings reported in this section are drawn from the comprehensive review of the recent literature by Przeworski (2007). For further analysis of the links between democracy and development, see, among others, Sirowy and Inkeles (1990), Przeworski and Limongi (1993), Sen (1999, ch 6), Przeworski *et al.* (2000), Tavares and Wacziarg (2001), Varshney (2002), Lee (2003), Keefer and Khemani (2005), Ross (2006), Persson and Tabellini (2006) and Sinmazdemir (2006).

This result does not necessarily imply, however, that the nature of political regime has no causal influence on economic growth. What is more likely is that democracy and autocracy have their respective strengths and weaknesses, with each having some positive and some negative effects on growth, and that on average the net effects do not differ very much. It may be true for example that autocracy uses the coercive state power more ruthlessly to depress consumption so as to extract more savings and thereby accumulate more capital than democracies can manage to do. On the other hand, it's possible that being more accountable through periodic elections democracies do better in curbing growth-retarding rent-seeking activities than autocracies do. On balance these effects may cancel each other out.

The average picture also hides the fact that compared to democracies autocracies differ more widely amongst themselves in terms of growth performance. The best of the growth miracles (e.g., in East Asia) and the worst of the growth disasters (e.g., in sub-Saharan Africa) are both to be found almost exclusively in autocracies, while democracies are on the whole characterised by middling performances, with the result that on the average the two regimes do not seem to perform very differently.

Democracy and autocracy do not seem to differ much in terms of income distribution either – the income share of the bottom quintile is found to be similar in the two regimes, after controlling for per capita income and other contextual factors. Thus democracy does not seem to have an advantage over autocracy in terms of ensuring higher incomes for the poorest segment of the population. This is, however, the average picture, encompassing both rich and poor nations. Focussing only on the countries at low levels of income, one does find a significant difference – the poorest quintile of the population enjoy a higher level of income in poor democracies as compared with poor autocracies. As the problem of absolute poverty is concentrated mostly in the poorest nations of the world, this finding suggests that democracy may have an advantage over autocracy in handling the problem of absolute poverty, so long as the countries remain poor. Since as noted above the two regimes do not differ much in terms of rates of growth, this advantage presumably derives from the greater propensity of democracies to adopt either redistributive policies in favour of the poor or more pro-poor growth policies, or a combination of the two.

The pro-poor edge of democracy is evident even more when one considers acute deprivation, as manifested in the occurrence of famines for example, and dimensions of poverty other than income. As Amartya Sen has famously observed, famines never occur in independent well-functioning democracies endowed with free media and a vibrant political climate that allows for public debate and political opposition.¹⁴ As an imminent famine looms large, the media, the civil society and the political adversaries begin to demand immediate remedial action by the government, which in a democracy the rulers can ignore only at their peril in the next election. Two attributes of democracy are at work here – viz., the scope for open debate as an accountability-demanding mechanism

¹⁴ One of his earliest analyses of the relationship between democracy and famine can be found in Sen (1983); the argument is elaborated and illustrated more fully in Dreze and Sen (1989, 1995).

and the presence of election as an accountability-enforcing mechanism. The possibilities of demanding accountability through a free media and then enforcing it through election together ensure that democratic politicians cannot allow famine to reach a stage where it would cost a huge number of lives. In the absence of similar mechanisms for demanding and enforcing accountability, autocratic regimes can, by contrast, easily let a nascent famine get out of control.

This contrast is most strikingly evident in the comparative history of India and China in the second half of the twentieth century. Before gaining political independence from the British in 1947, India was repeatedly ravaged by famines, the latest being the Great Bengal famine of 1944 that cost two to three million lives. Since independence, however, democratic India has not endured a single famine, although the threat of famine did emerge several times. On every occasion such a threat appeared, the pressure created in the arena for public debate was strong enough to spur the government into immediate action to avert the famine. This is in sharp contrast to the behaviour of the communist rulers of China. They had used their autocratic power to great benefit of the poor Chinese by meeting their basic needs in normal times, and yet allowed a temporary food scarcity caused by the Great Leap Forward of 1958 to degenerate into the most devastating famine of the twentieth century. In the absence of the accountability mechanisms afforded by democracy, they faced no compulsion to take remedial measures, and indeed were probably not even aware of the magnitude of the problem until it was too late. And once they did become aware, their instinctive reaction was to hide the tragedy from the rest of the world instead of pursuing all options to save lives, including seeking help from outside. The consequence was the tragic loss of close to thirty million lives! The absence of democratic accountability has seldom been so expensive in the history of mankind.

The spectacular success of democracy in averting famines is not unfortunately mirrored in the fight against chronic but relatively mild hunger, although as noted earlier the problem of absolute poverty is probably somewhat less severe in poor democracies as compared to poor autocracies. The superior, if unspectacular, performance of democracy in dealing with the problem of chronic deprivation in nutrition and healthcare is also reflected in better survival chances of the people living in democracies. Cross-country evidence shows that democracies in general perform better than autocracies in reducing infant mortality rate. This is especially true about the poorer countries of the world. For all income levels below \$15,000 per capita, democracies have on the average lower infant mortality rates than autocracies. Democracy, evidently, can save lives not just in face of short term crisis of famine-threats but also in the long haul by lessening chronic deprivation in nutrition and healthcare. To put some numbers to the extent of this success, it has been estimated that after controlling for other factors that have a bearing on the survival chances of infants, democracy makes a difference of 4.6 fewer deaths per thousand as compared with autocracies (Navia and Zweifel, 2003).

One obvious problem with this kind of binary comparison between democracy and autocracy is that it ignores variations within each type of regime in the degree of participation and their consequences. Not all autocracies, for example, are characterised by complete absence of participation; some of them do allow periodic elections, even if

they are usually non-competitive. On the other hand, democracies, which do allow competitive elections, differ amongst each other in terms of the proportion of the electorate who actually participate in voting. One of the most interesting findings of recent research is that such variations in the degree of participation can matter for the well-being of the people. In the countries in which at least half the electorate cast their votes, higher rate of electoral participation is associated with both faster growth of per capita income and higher share of income for the bottom quintile of the population. These result hold after controlling for differences in per capita income, which implies that among countries that are at similar levels of per capita income those with higher levels of electoral participation suffer from lower levels of absolute poverty.¹⁵

Significantly, this relationship between the extent of electoral participation and poverty holds regardless of whether or not the elections are competitive, i.e., regardless of whether elections are held under democratic or autocratic dispensations. Evidently, even though autocrats who allow elections do so without any fear of being forced out of office as a result, they tend to adopt more pro-poor policies in response to greater participation by the people in the electoral process, as do the democrats. This, along with the evidence on pro-poor edge of democratic regimes discussed earlier, suggests that even the minimalist type of participation that is embodied in electoral participation at the national level can indeed be beneficial for the poor.

IV. Participation in Decentralized Governance: The Efficiency Effect

Electing representatives for running the government at the national (or provincial) level is an essential part of people's participation in the conduct of public affairs. It is, however, an indirect and infrequent mode of participation. A much more continuous and engaged form of participation is possible in running the affairs at community and local levels. Both top-down decentralization of administration and bottom-up growth of community organizations, often occurring in tandem with each other, can open up such possibilities of engaged participation. A growing body of evidence shows that when this happens, participatory institutions managing service delivery and common property resources at the community level can perform better in terms of both efficiency and equity compared to alternative institutions such as market mechanism and bureaucratic management.¹⁶

Community participation has been known to have improved the efficiency of irrigation systems in many parts of the world by making use of local knowledge on soil conditions, water velocity and shifting water courses (e.g., Chambers, 1988; Ascher and Healy, 1990; Ostrom, Lam and Lee 1994); of water and sanitation projects, by ensuring that these are sited where they are most likely to be used (Manikutty, 1997, 1998); and of public work projects, by utilizing local knowledge about safety hazards and vandalism (Adato *et al.*, 1999). The World Development Report 1994 on infrastructure reported that in a study of

¹⁵ For evidence, see the literature reviewed in Przeworski (2007).

¹⁶ Much of the evidence is discussed in Crook and Manor (1998), Manor (1999), Cooke and Kothari (2001), Ribot and Larson (2004), Mansuri and Rao (2004), World Bank (2004), Ahmad *et al.* (2005), Hickey and Mohan (2005) and Bardhan and Mookherjee (2006). See also Commins (2007).

121 completed rural water supply projects, financed by various agencies, projects with high degree of local participation in project selection and design were more likely to enjoy good maintenance subsequently than those with more centralized decision-making (World Bank, 1994).

Water Aid's work with communities around Hitosa in Ethiopia is a nice illustration of the efficiency-enhancing power of participation. The programme involved thirty-one communities that worked together to operate and maintain water tap stands and pipeline, with each community providing two representatives for the area Water Management Board. The standard of maintenance improved significantly as participation resulted in high community motivation, better design of solutions appropriate to community resources, and quick response to emerging problems (Silkin, 1999). In the same vein, a study of water supply projects in Indonesia, India and Sri Lanka has found that community participation in designing and execution of projects led to higher level of community satisfaction with the project (Isham and Kähkönen 2002a, 2002b), thus confirming the results obtained by Katz and Sara (1997) based on a broader set of countries.

Participation can also improve efficiency by ensuring better monitoring and verification. The Education Guarantee Scheme (EGS) implemented in the Indian state of Madhya Pradesh is a shining example. Madhya Pradesh has long been one of the most backward states of India in terms of human development, with the literacy figure being appallingly low even by the low standard of all-India average. In recognition of this problem, the State Government of Madhya Pradesh introduced in January 1997 the innovative Education Guarantee Scheme with a view to ensuring universal access to primary education in the shortest possible time. The scheme involved both a guarantee on the part of the government and a compact between the government and local communities for sharing the cost and managing the programme.

Under the Scheme, the government guaranteed the provision of a trained teacher, her/his salaries, training of teacher, teacher-training materials and contingencies to start a school within ninety days, wherever there was demand from a community without a primary schooling facility within one kilometre and provided this demand came from at least twenty five learners in case of tribal areas and forty learners in case of non-tribal areas. The community in turn had to identify and put forward a teacher and also provide the space for teaching-learning. Local management committees were set up for taking responsibility for day-to-day management of schools, and in particular for ensuring regular attendance on the part of both teachers and students. By all accounts, the Scheme has proved to be an overwhelming success. In the first year of its operation, more than forty new schools opened each day, and after eighteen months, the State could boast universal access to primary education. A good deal of work remains to be done in terms of improving the quality of education offered by these schools, but at least in terms of ensuring access to education the Scheme clearly demonstrates the power of the participatory approach (GOMP, 1998).

The efficiency effect of community participation in the provision of educational services is also evident in the Intensive District Approach to Education for All (IDEAL) project in Bangladesh. The project has institutionalized participation of the community in two crucial stages – viz., school catchment area mapping and school planning. At the mapping stage, the community helps in the identification of all primary age children in the catchment area, enrolled and otherwise. In the planning stage, the community takes part in all decisions related to creating conditions for better enrolment and retention, improving the quality of education, mobilizing local resources and allocating available resources. The outcome of this participatory approach has been a significant improvement in the enrolment and retention of students and in the quality of education (Mozumder and Halim, 2006). Similarly, King and Ozler (1998) found in Nicaragua that students attending schools under community management achieved better test scores than students attending other schools.

Yet another way in which participation can enhance efficiency is by reducing costs and by augmenting resources in ways that are not available to outsiders. The cost-saving potential is demonstrated by the experience of Social Funds in Malawi. Communities operating these Funds were able to convince participants to accept lower wages than those officially sanctioned, with the savings being devoted to the construction of additional physical assets (Narayan, 1998). The resource-augmenting potential is demonstrated by a couple of studies in Nepal and Uganda. Participatory water management projects in Nepal have given the incentive to water users to contribute generously towards project costs (NSAC, 1998). Nearly three-quarters of the beneficiaries contributed cash and/or labour for farmer managed irrigation projects. The Ugandan example comes from the Uganda Participatory Poverty Assessment Project (UPPAP) undertaken in the districts of Kumi and Kapchorwa (Owomugasho *et al.*, (1999a, 1999b). The respondents of both districts felt that one of the greatest advantages of participatory management was the ease of mobilizing local resources for local use. Since people felt confident that locally mobilized resources would be used mainly for the benefit of local people, and according to the preferences of local people, they claimed to be more inclined to pay taxes to local governments than they otherwise would.

As for participatory management of common property resources by the users themselves, there are many examples of such institutions from around the world that have worked very well over a long period of time.¹⁷ Their existence belies the notion popularized by a famous paper by Hardin (1968) that as a result of rapid economic growth and population pressure common property resources are inexorably being destroyed all over the world. This notion was misleading in an important sense. What is actually inexorable is the eventual disappearance of ‘open access’ commons, i.e., those common property resources to which access is not regulated one way or the other. But historically, most of the local commons (as distinct from global commons, such as the ozone layer) were subject to well-defined rules of access and use that evolved over many centuries of trial and error. There is no inevitability about the demise of these commons; it all depends on how well the age-old institutions can be adapted to the changed circumstances.

¹⁷ A small but rich sample of such studies includes McKay and Acheson (1987), Wade (1987), Ostrom (1990), Bromley (1992), Knudsen (1995), Baland and Platteau (1996) and Berkes (1998).

The possibility of creating and sustaining participatory institutions for managing local commons depends of course on the feasibility of co-operation among the users. Economists have traditionally been sceptical of the possibility of such co-operation in view of the scope of free-riding that is inherent in this situation. But recent advances in game theory have convinced them that it is possible for a group of self-interested individuals to find free-riding an unattractive option and to spontaneously devise institutions for co-operation, when they have to interact with each other repeatedly over a long period of time.¹⁸ Such institutions are self-enforcing in nature, in the sense that once in place their rules are adhered to by the users out of their self-interest – no external enforcement is needed. Many of the participatory institutions that exist in the real world are of this nature. But there are also other types that are based on mutual enforcement and peer monitoring, and still others that are based on hierarchical enforcement i.e., those that are enforced by local leaders with the consent of all. In short, there are a variety of mechanisms - viz. self-enforcement, peer monitoring, and hierarchical enforcement - through which users can in principle overcome the free-rider problem and devise viable participatory institutions.¹⁹

The important question, however, is whether there is any reason to believe that these institutions are more efficient than alternative institutional arrangements, in particular bureaucratic management. At least one large-scale study suggests that it can be. In a comparison of a large number of community-managed and government-managed irrigation institutions in Nepal, the community-managed projects were found to be more efficient in terms of a number of criteria - e.g., crop yield, cropping intensity, etc. (Ostrom and Gardner, 1993; Ostrom, 1994). The main reason for this difference lay in the superior ability of community-managed systems to resolve the tensions surrounding allocation of water among different users in the dry season. The study found that a higher percentage of community-managed systems were able to get abundant water to both the head and the tail of their systems across all the seasons. Since water availability may depend on a number of physical factors that have little to do with institutions, Ostrom and Gardner (1993) carried out a statistical analysis to isolate the effect of these factors and still found community management to be the superior institutional framework. They concluded that “farmer-managed systems are more likely to reach bargaining solutions about their own operational rules that more effectively take tailender interests into account.” (p. 104)

The value of participation for common property resource management is also highlighted by the experience of the Indian state of Madhya Pradesh and Nepal. Participatory management of forests instituted under the Joint Forest Management Scheme (JFM) initiated in the early 1990s has begun to yield hope of halting the age-old process of forest depletion. For a long time, the forest people themselves were partly responsible for resource depletion as they overexploited the forest resources for their immediate

¹⁸ In the game-theory literature this proposition is known as the ‘folk theorem’. The classic exposition can be found in Fudenberg and Maskin (1986).

¹⁹ The analytics of these mechanisms for institution-building have been discussed, among others, by Ostrom (1990, 1992) and Bardhan (1993).

economic gain. JFM has sought to counter this tendency by vesting ownership of forest products to the local people so that they can perceive a stake in its long run preservation and by actively involving them in forest management. For this purpose, Village Forest Committees have been set up for rehabilitation of degraded forests and Forest Protection Committees have been set up to protect the well-wooded forests. By all accounts, these efforts have begun to have a visible impact on the State's forest resources (GOMP, 1998).

Something similar has happened in Nepal. In the early 1990s, the government undertook a project to hand over forest management to user groups within the framework of Community Forestry Projects. The Forest Act of 1993 recognized forest user groups as "autonomous and corporate institutions with perpetual succession" with rights to acquire, sell or transfer forest products. A large number of user groups soon emerged being encouraged by this Act, and in 1995 the Federation of Community Forestry User Groups was founded with the purpose of mobilizing and articulating the interest of these groups. Evaluations have shown that this participatory approach to resource management has been much more successful than earlier top-down approaches in which the Forest Department had held supreme power, although the benefits may not have always been enjoyed equitably (NESAC, 1998; Agrawal and Gupta 2005).

The preceding analysis suggests that there is no dearth of examples from around the world to support the hypothesis that community participation in development processes at the local level can improve efficiency in multiple ways. There, is, however, one methodological problem that often makes it difficult to draw any firm conclusions. When community participation is found to be associated with more efficient outcomes, it may not necessarily be right to conclude that participation contributed to higher efficiency, even if the association was found to hold after controlling for other possible influences on efficiency. The problem is that the observed positive association between participation and efficiency may reflect reverse causation – namely, that the communities chose to participate only in those cases where the projects were already known to be efficient or at least promised to be so. Technically, this is known as the endogeneity problem – community participation is said to be endogenous when the decision to participate is contingent on the community's evaluation of the likely outcome. In order to ascertain whether participation indeed contributed to efficiency, it is first necessary to know whether the problem of endogeneity existed in the particular case under investigation, and if it did, to isolate this effect. This is a technically demanding exercise, which is theoretically possible to do, but it requires additional information of a kind that do not always exist or is very difficult to obtain.

Fortunately, a recent study was able to deal with this problem while analyzing the effects of participation in public works programmes in South Africa (Adato *et al.*, 2003).²⁰ Soon after South Africa's democratic transition in 1994, the new government launched a large-scale public works programme with multiple objectives: viz., to create jobs in response to extremely high levels of poverty and unemployment; to build or rehabilitate infrastructure in backward areas or to improve the natural environment; to provide job

²⁰ See also Isham *et al.* (1995) on the question of establishing causality between participation and performance.

training that would enable workers subsequently to find formal sector employment; and finally to build the capacity of communities to control their own development through participation in public works projects. Although the projects were executed by government agencies with the help of private contractors, the community was involved in most of these projects at various stages – e.g., project design, project management and hiring of workers. Through careful econometric analysis that isolated the endogeneity effect, Adato *et al.* (2003) have found that participation indeed had an efficiency-enhancing effect. Higher levels of community participation was found to have a statistically significant, positive effect on the share of project budget spent on labour, the number of days of work created, the number of training days undertaken, and the percentage of employment going to women. It also reduced the cost of creating employment and the cost of transferring income to the poor.

Notwithstanding the evidence cited above, it should not be assumed that decentralized participation automatically and necessarily enhances efficiency. Participation may sometimes be injurious to technical efficiency, if people do not have the capacity to make informed judgments on technical matters. Thus, a study in Pakistan found that while greater community participation in non-technical decisions was associated with higher project outcomes, in technical decisions it actually led to worse outcomes (Khwaja, 2004). Participation may also harm efficiency by diffusing control and authority in management. For example, in a study of water tanks in South India, Mosse (1997) observed that the tanks were not necessarily better managed in co-operative frameworks. In some areas, at least, management seemed to be better when order and discipline was imposed among users by a strong caste authority.

Participation may also fail to achieve allocative efficiency i.e., to allocate resources in accordance with true preferences of the people, because there may be circumstances in which people, or those who claim to speak for them, have the incentive to distort information about preferences. This is especially true of donor-funded projects, in which the potential participants may deliberately express preferences which they think are more in line with the preferences of the donors rather than of their own, in the hope of improving their chance of receiving the fund, but there are also other circumstances in which such distortion may happen²¹

Since these failures of participation occur due to factors that are endogenous to the logic of community participation rather than to exogenous forces, these have been described as examples of ‘community imperfection’ in analogy with the concepts of market imperfection and government imperfection (e.g. Platteau and Abraham, 2002). The general point here is that just as both market and government may fail to function efficiently due to factors that are endogenous to their workings, so can community. The possibility of such community failure should warn us against entertaining the naïve view that all problems of governance would be solved simply by involving the community in decision-making processes. It is conceivable that some decisions are best taken in a non-

²¹ Platteau (2007) offers an insightful analysis of the causes and consequences, as well as actual instances, of such information distortions in participatory activities.

participatory manner; and in any case, when communities do get involved certain complementary measures may have to be taken for them to function efficiently.²²

V. Participation in Decentralized Governance: The Equity Effect

It was argued in section III that democracy at the national level is likely to be associated with more pro-poor policies compared to autocracies and there is some evidence to suggest that this is indeed the case. A similar argument applies at the local level as well. If allocative decisions at the local level are taken directly by people themselves or their democratically elected representatives, the weaker groups should be better able to influence allocations in their favour, compared to the mode of decision-making by unaccountable bureaucrats or traditional village elite. The argument rests on the presumption that in participatory decision-making processes, even the weaker groups would be able to express their preferences and hopefully make them count.

But this presumption may not hold in the presence of community imperfection, which is potentially an even more serious problem for equity than it is for efficiency. For understandable reasons, there is a great deal of skepticism about whether participation on its own can ensure an equitable outcome in an otherwise unequal world. There is also a good deal of evidence to support such skepticism.

For example, a recent study of the poverty alleviation effects of the Ecuadorian Social Fund found clear signs of unequal outcomes of participation in an unequal society (Araujo *et al.*, 2006). The Fund offered a choice between two types of projects – local public goods (which were accessible to all) and excludable private goods meant mainly for the poor. The most important private good provided was latrines built in plots belonging to community members with no previous access to toilet facilities, i.e., basically the poor. The choice between the two types of projects was made in a participatory manner. Rigorous statistical analysis of these choices showed that, after controlling for the effect of poverty, the more unequal communities opted more for local public goods than for the private good meant for the poor. Similar instances of mismatch between participatory outcomes and the preferences/needs of the weaker groups of the communities have been found in the case of the Peruvian Social Fund (Paxson and Schady, 2002) and the Jamaican Social Investment Fund (Rao and Ibanez, 2001).

Despite these and other instances of so-called ‘elite capture’ of participatory activities²³, it would be wrong to suggest that the outcome of participation in unequal societies would inevitably be unequal.²⁴ A number of recent experiments in participation at local-level governance have attempted to overcome the natural disadvantage of the weaker groups

²² Section VI is concerned with identifying the most important of these measures that are likely to have a general applicability.

²³ For more on the phenomenon of ‘elite capture’, see Platteau (2007).

²⁴ See Molinas (1998) for an empirical investigation of the relationship between inequality and co-operation at the community level.

with the help of innovative institutional design and supportive social action, and a few of them have met with spectacular success.²⁵

Two such experiments have attracted widespread attention – viz. participatory budgeting in Porto Alegre in Brazil and participatory planning for local development in the Kerala state of India. Though the success of these experiments may be difficult to replicate fully elsewhere in view of some special circumstances that have blessed them both²⁶, they still offer valuable lessons about the kind of actions that any exercise in participatory governance can take and implement to their benefit. For this reason, the workings and outcomes of these two projects are discussed at some length below.²⁷

The city of Porto Alegre, the capital of the industrialized and relatively wealthy state of Rio Grande do Sul, enjoys high social and economic indicators, with its life expectancy (72.6 years) and literacy rates (90 percent) well above the national average. At the same time, however, like much of the rest of Brazil, the city represents a highly unequal society. Until recently almost a third of its population lived in irregular housing – slums and illegal structures – which fanned outward from the city centre, with the poorest districts generally the farthest from downtown. The result was a segregated socio-geographic configuration, generating geographically distinct economic and social zones throughout the city.

Within this unequal setting has emerged one of the most successful experiments in participatory governance in contemporary world. When an electoral alliance headed by the Workers Party (PT) achieved victory in the mayoral elections in 1989, one of its first actions was to respond to a longstanding demand of The Union of Neighborhood Associations of Porto Alegre (UAMPA) for a participatory structure involving the municipal budget. The new city administration developed a set of institutions that extended popular control over municipal budget in a way that has by now become a classic in participatory budgeting.

The *Orçamento Participativo* (OP), or the participatory budget, has evolved over the years into a highly structured process in which citizens participate as individuals and as representatives of civil society groups at different stages of the budgetary process. They deliberate and decide on projects for specific districts and on municipal investment priorities, and then monitor the outcome of the projects. The process consists of a sequence of steps, beginning with regional assemblies in each of the city's sixteen districts, in which all residents of the district are invited to participate. These regional meetings have two functions: viz. to elect delegates to represent specific neighborhoods in subsequent rounds of deliberations, and to review the previous year's projects and budget. The mayor and staff of the municipal council attend these meetings to reply to citizens' concerns about projects in the district.

²⁵ For a systematic analysis of some of the more important experiments, see Blair (2007).

²⁶ Heller (2001) offers a perceptive analysis of the commonalities of circumstances that contributed to the success of Porto Alegre and Kerala.

²⁷ We focus on the workings and the outcomes of these experiments in this section; the lessons are discussed in the next.

In the next step, the delegates elected by regional assemblies join delegates elected by neighbourhood associations and other social groups in a series of meetings in each district. The objective of these meetings is first to learn about the technical issues involved in demanding projects and then to identify and prioritize the district's needs as well as to deliberate on projects that affect the city as a whole. At the end of this process, the regional delegates vote to ratify the district's demands and priorities and elect councilors to serve on the Municipal Council of the Budget. These elected councilors in conjunction with members of the administration finally reconcile the demands from each district with available resources and approve an agreed budget.²⁸

This complex combination of direct and representative democracy has allowed citizen participation not only at all stages of the budgetary process – from preference revelation to monitoring and verification, it has also given participation a cutting edge by strengthening the channels of accountability. In the higher tier of the participatory structures, viz. the Municipal Council of the Budget, the district representatives act as intermediaries between municipal government and regional activists, bringing the demands from districts to central government, and justifying government actions to regional activists, while themselves being accountable to the general citizenry through the regional assemblies.

There is both qualitative and quantitative evidence that the experiment has succeeded singularly to make urban improvements in the lowest-income areas.²⁹ The percentage of the public budget available for investment has increased to nearly 20 percent in 1994 from 2 percent in 1989, while the proportion of municipal expenses in service provision to expenses in administration has also improved. On the whole, investment in the poorer residential districts of the city has exceeded investment in wealthier areas as a result of these public policies. By the end of 2000, almost 98 percent of all residences in the city had running water, up from 75 percent in 1988; sewage coverage had risen to 98 percent from 46 percent; and the number of functioning public municipal schools had increased to 86 from 29. In the years between 1992 and 1995, housing assistance increased phenomenally, with the housing department offering housing assistance to 28,862 families as against just 1,714 families for the comparable period of 1986–88. In all these cases, investments have been redistributive in the sense that districts with higher levels of poverty have received significantly greater shares of investment.

This redistributive effect has been achieved through a careful institutional innovation that was designed to accord higher weight to the poorer districts. Investment allocation is guided by a pre-specified weighting system (also called a “budget matrix”), which reconciles potentially conflicting preferences of residents from different districts by using “statistically measured need” (the degree of previous access in relation to need, e.g., proportion of streets unpaved, housing units lacking sanitary water, etc.) and population

²⁸ In addition to preparing the budget, this group amends the scope and rules governing the process itself, e.g., increasing the range of activities covered by participatory budgeting, and changing the criteria for allocating resources among the districts.

²⁹ For systematic analysis of the evidence, see Santos (1998), Baicochi (2003) and Koonings (2004).

size. The whole system is quite complex and requires a good deal of technical support from the municipal executive office to function properly.

This rule-based system of investment allocation, supported by strong accountability mechanisms, has successfully replaced the traditional patron-client structure in which citizen loyalty went upward and political largesse came downward by a budget system based on neighborhood preferences and objective needs. In order to assess whether this reflects merely a change from the old type of patronage-based governance to a new one in which patronage is lavished on supporters of the ruling party, Baiocchi (2003) looked for statistical correlation between the distribution of Workers' Party's voting strength and geographical investment patterns, but could not find any.

The success of Porto Alegre has been impressive enough to encourage widespread emulation all over the world. In Brazil itself, over 100 municipalities as well as several states have taken up participatory budgeting practices. Similar experiments have been initiated in other Latin American countries such as Chile, Costa Rica, Guatemala and Mexico, as well as in such diverse countries as Ireland, Mauritius and Indonesia.

In terms of sheer scale and intensity of people's participation in the development process, there is perhaps no parallel to the "People's Campaign for Decentralized Planning" – or just the Campaign, as it has come to be known – launched in the Indian state of Kerala in 1996. The left-wing government that came to power in that year took full advantage of the scope for deep decentralization and an unprecedented level of fiscal devolution that was permitted by the constitutional amendments of the preceding years. As much as 35-40 per cent of the state development budget was devolved to elected local government institutions, conditional on the requirement that they must prepare local development plans based on extensive participation of the citizens. Every year since then, local governments throughout the state of Kerala have formulated and implemented their own development plans prepared through participatory democracy.³⁰

As in the case of Porto Alegre, participation take place through a multi-stage process of deliberation between elected representatives, local and higher-level government officials, civil society experts and activists, and ordinary citizens. The initial deliberation takes place in open local assemblies, called *grama sabhas*, in which participants discuss and identify development priorities. These assemblies then form so-called "Development seminars", which are entrusted with the task of developing more elaborate assessments of local problems and needs. These assessments form the basis of concrete projects prepared by a number of sectoral task forces, which are supported by technical experts. These projects are then submitted to local elected bodies (*panchayats*) that formulate and set budgets for local plans, which are presented back to *grama sabhas* for discussion and approval. These approved local plans are then integrated into higher-level plans (blocks and districts) during which all projects are scrutinized for technical and fiscal viability.

As a participatory process of local-level planning, the Campaign was guided by two basic principles. The first was that instead of serving simply as a conduit of delivering services

³⁰ For authoritative accounts of the Kerala experiment, see Isaac (2000) and Isaac and Heller (2003).

on behalf of state and national level governments, local governments should function as fully fledged governing institutions with financial and administrative autonomy, based on the principle of subsidiarity: i.e., what can best be done and decided at local level should be done there. The second principle was that the traditional structures of representative democracy should be complemented by more direct forms of democracy, so as to make elected representatives continuously rather than just periodically accountable to the citizens. A great deal of effort was put into social mobilization and institutional innovations so that ordinary citizens could play an active role in the selection, design, and implementation of local development plans.

Quite apart from making democracy a more immediate and meaningful experience for the ordinary citizens, the Campaign has already begun to bear fruits in terms of furthering the cause of equity in Kerala, which was already famous for its welfarist and pro-poor policies. The equity impact has in fact improved with the passage of time. In the first year, financial devolution was based on a simple per capita formula that did not take levels of interregional poverty into account. Even this was an improvement, however, over the skewed patterns of patronage-driven allocation of the past (in which the relatively underdeveloped northern Kerala was systematically discriminated against). In subsequent years, the redistribute effect improved further as the devolution formula has progressively incorporated additional weights for poverty and underdevelopment.

Apart from regional distributions, other aspects of resource allocation also bear testimony to the redistributive potential of participatory planning. First, compared to the pre-Campaign experience, the plans prepared in the post-Campaign period have accorded much greater priority to basic needs such as housing, drinking water, and sanitation. At the same time, the pattern of expenditure on productive sectors has shifted discernibly toward activities undertaken mainly by the poor, e.g. animal husbandry, garden crops, and minor irrigation. Both these changes have redistributive implications favouring the poor. Second, in contrast to past patterns, priorities have been accorded to special plans for scheduled castes and tribes, traditionally the most disadvantaged groups in India. Although special plans for these communities have existed in Kerala since the mid-1980s, they received a strong boost after the Campaign was launched. It has been estimated that as a result of the Campaign real resources earmarked for these plans have increased by 30 to 40 percent (Isaac and Heller, 2003). Furthermore, in the post-Campaign period local bodies have emphasized projects that could be specifically targeted for individual beneficiaries from these communities such as housing, latrines, and income-producing animals. Similarly, the Campaign has grappled with the problem of entrenched gender discrimination, first by implementing the policy for reservation for women in local governments more rigorously than in any other state in India, and secondly by laying aside at least 10 per cent of plan outlay for the Women's Component Plan designed specifically to benefit women.

While Porto Alegre and Kerala are special cases, the evidence for participation's ability to enhance equity is not confined to them. Several investigations of the *panchayat* system of decentralized democracy in the rest of India also offer corroborative evidence in this regard. In a well-known study, Rosenzweig and Foster (2003) formulated a model built

on the idea that democracy would allow the numerical strength of the poorer groups to be reflected in favourable outcomes for them. A key prediction of the model is that in villages with democratic governance, an increase in the population share of the landless should result in outcomes that are more favourable to them – for example, there should be more expenditure on road construction or improvements (which are relatively labour-intensive) and less on public irrigation infrastructure (which benefits the landed households more). The prediction was vindicated by the analysis of a panel data set from 250 villages in rural India. It was found that increases in the population weight of the poor enhanced the likelihood of receiving pro-poor projects only in villages with elected village councils (*panchayats*). When more traditional leadership structures prevailed, no such effect was observed.

In another attempt to examine how local-level democracy affects the ability of the disadvantaged groups to implement their preferred options, Chattopadhyay and Duflo (2004) looked at the impact of reservation policy under the *panchayat* system in India. This policy stipulates that one-third of all positions of the chief of the village councils in India are to be reserved for women. An interesting question that arises in this context is whether participation of women as leaders in community affairs works to the advantage of the womenfolk in the community as a whole. Based on a survey in two states of India (West Bengal and Rajasthan), the authors found it does. Women were found to be more likely to participate in the policymaking process if the leader of their village councils happened to be women and women leaders of village councils tended to invest more in the kind of infrastructure that conformed better to the interests of women, e.g., drinking water, fuel, and roads, etc.³¹ Similarly, Pande (2003) has shown that when disadvantaged groups (lower castes, tribal groups and landless people) in India are able to elect their own representatives at the local level where allocation decisions are made, a larger share of available governmental resources accrues to them.

These studies suggest that democracy at the local level can be beneficial for the poor and other disadvantaged groups, in the same way that democracy at the national level tends to be. However, one of the difficulties of rigorously assessing the equity impact of participation is that there is seldom any direct evidence on the distribution of costs and benefits at the household level. There are only a few studies that have been able to use household level information for this purpose. In one of them, Galasso and Ravallion (2005) examined the targeting impact of the participatory food-for-education programme in Bangladesh. In this programme, funds were allocated by the central government, but identification of beneficiary households within a community was typically made by local school management committee consisting of parents, teachers, education specialists and school donors. Using data from a nationally conducted household survey in 1995-96, the

³¹ A potential endogeneity problem, analogous to the one discussed in the context of efficiency, also exists here. It's conceivable that women's leadership is endogenous in the sense that women aim for leadership positions only in those communities where they are more likely to participate and to be assertive in community affairs. In that case, the positive association between women's leadership and favourable outcomes for women cannot necessarily be attributed to the fact that women happen to be in the position of power. However, this kind of endogeneity problem did not arise in the present case as the law requires that the village *panchayats* in which leadership is to be reserved for women are to be chosen on a random basis rather than on the basis of community characteristics.

study found that poor households received benefit proportionately more than the non-poor. Moreover, the degree of intra-community equity achieved by participatory targeting was found to be higher compared to the inter-community equity achieved by central allocation of funds.

In a more recent study, Besley *et al.* (2005) examined the association between participation and equity in the functioning the *Panchayat* system in India. Under this system, village-level elected bodies known as *Gram Panchayats* have been entrusted with wide-ranging responsibilities, including selection of beneficiaries for the distribution of the BPL (below poverty line) card, which entitles a household to a number of benefits (e.g., subsidized food). The study sought to examine whether the quality of targeting was enhanced by regular holding of *gram sabha* or village meetings, in which village community get the opportunity to air their demands and to hold the elected officials to account. Using a large data set drawn from four southern states of India, the authors concluded that holding of *gram sabha* did have a significantly positive effect on equity in the sense that targeting of the disadvantaged groups was more intensive in villages that held the meeting. Thus, illiterate and landless people and individuals from the lowly scheduled castes and tribes were more likely to receive the BPL card in villages that held the meeting compared to their counterparts in villages that did not.

The evidence is thus quite clear that, contrary to the claims sometimes made, participation in unequal societies is not ‘programmed to fail’ to advance the goal of equity.³² Nor is success guaranteed, however. Conditions of success must be created by conscious design. We now turn to a discussion of what those conditions are and how they might be created.

VI. The Three-Gap Analysis of Effective Participation

While participation has great potential to be instrumentally valuable in promoting efficiency and equity, this potential is not always realized in the real world. Although there are some spectacularly successful examples of participatory governance in some parts of the world, they are far outnumbered by cases of failed and spurious participation. Even the successful cases are not uniform in terms of either the details of institutional design or in the degree of scope and intensity of participation. This lack of uniformity is often a consequence of contextual differences among participatory experiments, which makes it difficult to hold up any particular experiment, however successful, as the ideal model. What is important, however, from the point of view of learning from experience is that there are certain commonalities that bind the successful cases together and distinguish them from the failed ones. Careful analysis of the existing experiments in participatory governance suggests that success depends largely on how well a society can deal with three distinct but inter-related gaps that stand in the way of effective participation. These may be called the capacity gap, the incentive gap and the power gap.

³² The characterization of participation as being ‘programmed to fail’ to deliver its lofty goals in an unequal society is due to Kumar and Corbridge (2002).

The *capacity gap* arises from the fact that meaningful participation in the process of governance requires certain skills which common people, least of all the traditionally disadvantaged and marginalized segments of the society, do not typically possess. These include such general skills as the capacity to work in a team composed of people from different social strata and the ability to articulate one's views in a manner that would hopefully convince others many of whom may view the world through a completely different lens, as well as more specific skills related to the tasks for which people are participating in a collaborative exercise. Some of these tasks – such as managing a local resource or delivering a community service – may be relatively simple and people may already have some experience in them. But others, more ambitious ones – such as budgeting for the local government or planning for local development – would often require a level of knowledge and skill that would be beyond even the educated elite.

This capacity gap must be bridged if participation is to be effective. The general skills such as the ability to work in a team and to be able to articulate one's views rationally can only be developed through practice over a long period of time. In the real world, this practice typically happens through the intermediation of civil society organizations and social movements, which mobilize common people into groups for various purposes. This didactic aspect of social mobilization is of enormous importance for laying the foundations for participatory activities. It is no coincidence that the most successful experiments in participatory governance around the world have all been underpinned by years of social mobilization. In most cases, the actual motivation of such mobilizations was different from preparing people for the particular participatory experiment that followed. They each had their own agenda, but the didactic value of mobilization nonetheless acted as a positive externality to the benefit of the subsequent experiment.

As for the specific skills required for addressing the participatory enterprise, there is often no substitute for specialized training. What is needed for this purpose is imaginative institutional innovation that enables common people to receive knowledge from technocrats and experts without, however, being beholden to them. If in the process of imparting knowledge the technocrats and experts come to acquire a dominant relationship vis-à-vis common people, the whole purpose of participation would be defeated. The transfer of knowledge must take place in a setting of fundamental equality and mutual respect between the providers and recipients of knowledge. In recognition of this imperative, the architects of both Kerala and Port Alegre experiments gave a lot of thought to designing institutions that would allow transfer of knowledge in a non-dominating mode. In particular, they ensured that at the end of the learning process the decisions of the common people rather than those of the experts would prevail. Institutional design for knowledge transfer was one of the crucial factors behind the success of these experiments.

The *incentive gap* stems from the fact that participation in public affairs is not costless and most people would not be keen to participate actively unless they perceive the potential gains to be large enough to outweigh the costs. The costs of participation are of various types. There is first the opportunity cost of the time and effort that people would have to put into participative activities. This cost is especially high for women, who are

said to suffer from the 'triple burden' of devoting time to the conduct of public affairs in addition to the traditional double burden of engaging in productive as well as reproductive activities. It is not surprising that women are found to participate proportionately less even in the most progressive environment as in Porto Alegre or Kerala. There is also the psychic cost of speaking up in public, especially for those who are low in self-confidence, and the general hassle of having to deal with matters that many people feel officials are being paid to do anyway. Finally, for the subordinate groups living in hierarchical societies, there is the probable cost of retribution from the dominant classes who may not take kindly to the idea that the lower classes should come together to delve into matters that have traditionally been the preserve of social superiors.

In suggesting that people would weigh these costs against potential benefits in deciding whether or not to participate, we are not imputing a narrowly utilitarian calculus to them. Most people would surely value participation for its own sake, whatever additional value they may attach to the tangible instrumental benefits of participation that might accrue to them. What is being claimed here, however, is that consideration of this intrinsic value alone may not suffice to override the consideration of costs in all cases. In that event, the instrumental value will also have to be factored in. The incentive to participate will exist only if the totality of intrinsic and instrumental value exceeds the costs of participation in the judgment of an individual. This argument implies that in situations where the costs of participation are especially high, the instrumental value may well be the decisive factor.

The force of this argument has been recognized both by theorists and successful practitioners of participatory governance. In formulating the theoretical construct of Empowered Participatory Governance, Fung and Wright (2003) have enunciated three general principles, one of which is 'practical orientation' i.e., focus on specific, tangible problems.³³ Underlying this principle is the recognition that participation in the abstract may not be a terribly attractive idea. People would be more inclined to participate if they focus on a problem they can all identify with as being important for their day-to-day lives. Since the solution of a tangible problem will yield tangible benefits, participation is more likely to occur when it has a 'practical orientation'.

When the problem in question relates to allocation of budgetary expenditure as in Porto Alegre or formulation of a local development plan as in Kerala, it helps if the resource base is large enough so that large tangible benefits can accrue to the participants as an outcome of their efforts. It has indeed been suggested that one of the reasons for the spectacular success of Porto Alegre is that it happens to be one of the most resourceful cities in Brazil. When the same practice of participatory budgeting has been applied to other, poorer cities of Brazil and elsewhere, it has not been equally successful. In the case of Kerala, it has been argued that a very substantial fiscal devolution at the very outset of the process of participatory decentralization has played a key role in its success (Isaac and Heller, 2003). Normally, fiscal devolution occurs at a late stage of the decentralization process on the grounds that until the structures of administrative decentralization are firmly established entrusting local governments with large fiscal resources might lead to wastage, mismanagement or out and out corruption. This

³³ The other two principles are bottom-up participation and deliberative solution generation.

conventional wisdom was stood on its head in Kerala, where the state government deliberately transferred unprecedented amount of resources into the coffers of local governments up front even before the practice of participatory planning had taken firm roots. The intention was clearly to close the incentive gap for the potential participants, by raising the expected pay-off from participation through a pre-commitment of large fiscal devolution. By all accounts, the device worked wonderfully well.

Of the three gaps mentioned above, the *power gap* is perhaps the most pernicious of all. It arises from systematic asymmetries of power that is inherent in unequal societies. In a society where there exists a wide gulf between the rich and the poor, where entrenched social hierarchies have led to a rigid demarcation between the elite and the commoners, and where age-old norms of discrimination against specific social groups – defined in terms of gender, ethnicity, religion, and so on – have long been internalized by the oppressors and the oppressed alike, it is very likely that the dominant groups will use participation merely as a ruse to further their own ends. Participation in such unequal societies is likely to be unequal too, with members of dominant groups wielding superior power to further their own narrow interests.

The subordinate groups in these societies suffer from a ‘power gap’ relative to the dominant groups, and one way or the other this gap must be closed or at least narrowed down substantially if they are to participate on an equal footing. This can only be done by creating some countervailing power in favour of the subordinate groups so as to compensate for the power gap they otherwise face.³⁴ Theory and practice suggest a number of ways in which this countervailing power can be created.

The theory of deliberative democracy, conceived as an approach to collective decision-making, offers one such way. Any participatory enterprise must follow some rules of collective decision-making. And if participation is not to degenerate into a way of simply legitimizing the exercise of unequal power by the dominant groups, these rules must ensure that the preferences and interests of the weaker segments receive due consideration. In other words, the rules must have the property that the very adherence to them would afford some countervailing power to the weak and the disadvantaged groups, so that their preferences and interests cannot be trumped by those of the dominant groups simply by virtue of their superior power. The idea of deliberative democracy is concerned with devising such rules of collective decision-making. It seeks to do so by positing the power of ‘reason’ as a counterweight to the traditional sources of power.

There are several alternative ways in which collective decisions may be taken in a participatory enterprise. One possibility is that the participants come to the table with their respective preferences and bargain with each other with a view to achieving the best possible outcomes for themselves. Since the distribution of pay-offs of this process would depend on the relative bargaining strengths of the parties concerned, this procedure is almost certain to be detrimental to the interests of the weaker groups. It might be supposed that the alternative procedure of democratic decision-making based on the

³⁴ For an excellent discussion of the need for and forms of countervailing power relevant for participatory governance, see Fung and Wright (2003b).

majority rule would serve them better, but this is not necessarily so. As is well known from the experience of democracy in grossly unequal societies based on patron-client relationships, the minority of patrons may easily manipulate the majority of clients by using their traditional leverages of power. If for some reason, they cannot manipulate and override the majority, the powerful groups at least have the option of ‘exiting’, i.e., refusing to participate in the collaboration, which might then jeopardize the whole participatory enterprise. So, while democracy is certainly essential, the rules of decision-making must be such that neither can the weaker groups be easily manipulated nor are the powerful groups easily attracted to the option of ‘exit’. The issue of institutional design is crucial in this context. As discussed in Section 2, there is no unique formula for institutional design that would be applicable under all circumstances – the details of design will have to vary depending on the specificity of the context. The objective must be the same, however – to ensure a fair and equitable decision-making process.

This is precisely what deliberative democracy seeks to achieve. It requires that the participants come to the table not primarily to engage in strategic bargaining, nor merely to place their preferences on the table to be aggregated by some mechanical formula (such as majority voting), but to present the reasons for the views they hold and for the actions they suggest. As Cohen and Rogers (2003, p.241) explain: “Briefly, to deliberate means to debate alternatives on the basis of considerations that all take to be relevant; it is a matter of offering reasons for alternatives, rather than merely stating a preference for one or another, with such preferences then subject to some rule of aggregation or submitted to bargaining. The exchange of reasons that a deliberative democracy puts at the center of collective decision-making is not to be confused with simple discussion, or the revelation and exchange of private information. Any view of intelligent political decision-making sees such discussion and exchange as important, if only because of initial asymmetries in the possession of relevant information. What is distinctive about a deliberative view is that the processing of this information is disciplined by the claims of reason – that arguments must be offered on behalf of proposals, and be supported by considerations that are acknowledged to provide relevant reasons, even though there may be disagreements about the weight and precise content of those considerations.”

It is the requirement of offering a generally acceptable reason for what one proposes that acts as a countervailing force against the manipulative and coercive methods that the powerful groups might otherwise adopt in order to pursue their narrow self-interest.³⁵ The critiques of deliberative democracy have, however, questioned, quite plausibly, whether the exchange of reason is potent enough to safeguard the interests of the weaker groups in the face of entrenched social inequalities. Some have worried, for example, that the emphasis on the articulation of reason implies that the process may work to the advantage

³⁵ Using reason as a force to offset the asymmetry of entrenched power is not the only rationale of deliberative democracy, although it is the most relevant one in the present context. Political theorists who have expounded the theory of deliberative democracy have done so from several different perspectives. In the Aristotelian tradition, reasoned deliberation as a means of reaching collective decisions is seen as an intrinsic good. From a consequentialist perspective, Habermas (1987) justifies it as a necessary tool for discovering rational laws that will promote justice and the common good, while Rawls (1993) finds it necessary for giving legitimacy to political institutions. For an illuminating discussion of alternative perspectives, see, among others, Freeman (2000).

of the ‘laryngically gifted’, and there is no reason to suppose that the socially disadvantaged groups are especially well endowed with this gift. On the contrary, there is reason to fear that in a hierarchically divided society people at the bottom rungs would not have the confidence and courage to articulate their reasons forcefully in the presence of social superiors, even if they had a good understanding of the reasons behind their views and were articulate enough to express them in their own way.

While these fears are entirely reasonable on *a priori* grounds, only empirical evidence can show how well grounded they are in reality. In this regard, the experience of the actual practice of deliberative democracy is quite encouraging. We have already mentioned two classic cases of deliberative democracy in the contemporary world – viz., the Porto Alegre experiment in participatory budgeting in Brazil and the Kerala experiment in participatory planning in India. In both these cases, citizens at large engage in reasoned deliberation – both directly and through elected representatives – at several stages in the decision-making process. In both cases, there is ample evidence that the traditionally voiceless people have been able to engage in meaningful deliberation, undeterred by pre-existing asymmetries of power.

The experience of Port Alegre is described thus by Baiocchi (2003): “There is no evidence, however, that lack of education or gender pose insurmountable barriers to effective participation ... Ethnographic evidence from district-level meetings did not show any pattern of women or the less educated speaking less often or conceding authority to educated men. A survey question about how often a person spoke at meetings painted a similar picture. Responses to the question: “Do you speak at meetings?” (Always, almost always, sometimes, never) showed that there was parity between the poor and non-poor, and between the less educated and the rest.” Moreover, we have already seen that all this was not mere empty talk, because these deliberations led to a decisive shift towards redistributive measures in favour of the poor.

The Indian experience of decentralized governance (*panchayat*) is also instructive in this regard. The *panchayat* system of representative democracy at the local level has existed in India for many decades, without being terribly effective, however. It’s only when local-level elections were supplemented by the holding of effective village assemblies (*grama sabha*) in states like Kerala and West Bengal that the system began to yield benefits for the poor and for disadvantaged social groups such as women, and scheduled castes and tribes. The scope for deliberation offered by these village assemblies enabled these groups to press their case and to hold the elected officials accountable in a way that was not possible before, resulting in a systematic move towards redistributive measures. It is significant that in Besley *et al*’s (2005) study of local governance in the southern states of India, policies were found to be more pro-poor in those villages where *grama sabha* was regularly held, compared to villages where it was not, which clearly suggests that deliberations in village assemblies empowered the marginalized groups to influence decisions in their favour.

It is clear, however, that creating the institutions for deliberative democracy by itself will not be enough to generate all the countervailing force that is necessary to make

participation effective. Other types of countervailing force must be created at the same time to complement the power of reason so that people from all strata of the society can deliberate on a more equal footing.

The first and the most basic of these complementary forms of countervailing power consists in the self-confidence that comes with education and economic security. Poor illiterate people, whose livelihoods are insecure and whose very survival depends on maintaining an obsequious humility in the context of patron-client relationships, are not very likely to participate independently or assertively in the conduct of public affairs. To the extent that they do participate, they will do so mainly to lend their numerical strength in support of their patron's interests. This type of participation will only help reproduce existing social inequalities instead of redressing them. If participation is to act as part of a transformative process designed to fundamentally alter the balance of power in the society, then the poor and the weaker groups must be able to participate in support of their own cause, even if it goes against the interests of their patrons. But lack of education and economic security prevents them from doing so. Any programme for deepening democracy through participatory approaches must, therefore, accompany simultaneous efforts to spread basic education and to ensure at least a minimum level of economic security so that the weaker groups do not have to fear that independent participation might cost them their livelihoods (Osmani, 2001).

A second and broader way of creating complementary countervailing force is to empower the poor and the weak by implementing the full range of human rights, including both civil-political and socio-economic rights. The fulfillment of basic socio-economic rights (such as right to food, right to education, etc.) will create the countervailing force in the manner describe above, by giving the weaker groups the self-confidence to assert their independence. But this needs to be supplemented by the fulfillment of civil-political rights as well because without them assertion of independence in the participatory process will be either impossible or pernicious for the weaker groups.

It is obvious that for participatory deliberation to be possible, people at large must enjoy the rights to free speech and rights of association and free assembly. At the same time, the right to information must be fulfilled so that people can access the information necessary for making informed decisions and also for holding the officials (elected or otherwise) accountable for their actions. Without relevant information accountability will be impossible to achieve, which of course gives the officials every incentive to withhold information whenever possible; but without accountability participation will be an exercise in futility. It is, therefore, essential to establish the right to information, which can be used by the people to pierce the veil of secrecy with which officials tend to shield relevant information from the public arena. Finally, people must enjoy the right of equal access to justice, so that the weaker groups may protect themselves from any attempt by the powerful members of the society to intimidate and victimize them. Without the confidence that the justice system of the state machinery can be relied upon for protection against vengeful retribution, the weaker segments of the society may not have the courage to assert their independence in any participatory enterprise.

Finally, countervailing power may be generated through social mobilization. It has not escaped attention of careful observers of successful participatory experiments such as those of Porto Alegre, South Africa, Kerala and West Bengal that in all these cases the ground for effective participation was created by years of social and political activism by progressive political parties aimed at mobilizing the weaker segments of the society in a wider enterprise in social transformation. Although creation of participatory democracy was not necessarily the initial objective of such activism, the act of social mobilization that the political parties performed nonetheless created positive externalities in favour of the participatory enterprise they eventually embarked upon.

Two such externalities are worthy of note. First, social mobilization helped resolve the problem of collective action that stems from the possibility of free riding by self-interested individuals. It did so by creating and strengthening ‘bonding’ social capital among the weaker segments, which in turn engendered the mutual trust and confidence that is the foundation of any participatory enterprise.

Second, the act of mobilization endowed the weaker segments with a countervailing power against the dominant groups of the society. This was partly the power that comes from unity and partly the power that comes from the knowledge of being backed by a larger social force. Whatever the source, the consequence of possessing this power was that the participatory enterprise that was built on the foundation of previous social mobilization was resilient enough not to fall prey to the all-too-common phenomenon of ‘elite capture’.

VII. Concluding Observations: Fostering the Synergies

Creating conditions for effective participation by common people in the conduct of public affairs is a complex task. It requires the adoption of a multi-pronged strategy involving state, civil society, and the common people. The state in particular must play a very important role on a number of fronts – by ensuring free and fair electoral participation for governance at the national level; by creating a legal framework that devolves and decentralizes decision-making power at local levels, where the scope for direct participation by the people is the greatest; by providing basic education, guaranteeing minimum economic security and implementing the whole range of human rights so that the weaker segments of the society can participate confidently and independently in the presence of entrenched asymmetries of power; and by providing the space for civil society and social movements to mobilize and educate common people for participatory enterprises.³⁶ The existence of strong political will and competent leadership is essential for this purpose. The civil society too must play an important role. On the one hand, it must engage with the state to ensure that the latter actually does what it needs to do for effective participation to be possible, and engage with the common people on the other to gain their trust and confidence and to mobilize them into a potent force for participatory governance. The common people for their part must be willing to devote the time and

³⁶ Manor (2007) gives a cogent explanation of why government must play the most critical role in promoting effective participation.

energy needed to take control of the development process in their own hands instead of leaving it completely to others.

The inter-relatedness of these multi-dimensional conditions may seem to make the task too daunting for the goal of participatory governance to be anything other than an abstract utopia. Effective participation cannot occur without committed state support, but given the tradition of centralized decision-making processes in most parts of the world state's commitment to diffuse power through people's participation in governance is unlikely to be forthcoming without persistent and overwhelming pressure emanating from civil society and social movements; yet civil society and social movements can only function if the state creates the enabling conditions for them to operate in the first place. Similar cyclicity as opposed to linearity of causal connections exists in other spheres as well. For instance, one of the objectives of participation in the development process is to ensure efficient and equitable delivery of basic services to all, but it has been argued at the same time that the poor are unlikely to be able to participate effectively without prior access to basic education and a minimum level of economic security. Similarly, participatory governance is expected to empower people and yet it is clear that certain amount of empowerment must exist to begin with for the weaker segments of the society not to be overwhelmed by the dominant groups in the conduct of deliberative democracy.

This kind of cyclicity of causal connections may at first sight seem like a reason for despair, but it need not be. For cyclical causality also implies the existence of synergies – between different pre-conditions for effective participation and also between pre-conditions and practice of participation. Existence of these synergies implies that the practice of participation can be self-reinforcing in nature. Once a participatory process is set in motion, even if imperfectly, the very practice of participation will help improve some of the pre-conditions; the resulting improvement in one set of pre-conditions may then induce improvement in others, which turn will enhance the effectiveness of participation, thereby unleashing a virtuous cycle.³⁷

Evidence for the existence of these synergies does exist in the real world. In Kerala, for instance, the participation of scheduled castes, scheduled tribes and women was below their population share in the first year of the Campaign, but the percentages increased in subsequent years, as the confidence and the knowledge that came with practice emboldened them to come forward more (Isaac and Heller, 2003). Porto Alegre has had a similar experience. In the initial years, women and less educated men participated less in the various rounds of deliberation compared to educated men, but this difference disappeared with accumulation of experience over time. Once the years of experience crossed a minimum threshold, there remained no significant difference between men and women reporting participation, or between persons with or without formal schooling (Baiocchi, 2003). In their study of the targeting performance of the participatory food-for-education programme in Bangladesh, Galasso and Ravallion (2005) found some

³⁷ Dreze and Sen (2002) make a similar point in the specific context of Indian democracy. After noting that many of the deficiencies of India's democracy stem from its deep-rooted social inequalities, they go on to argue that the very practice of democracy would help offset some of the effects of those inequalities, thereby rendering democracy a self-reinforcing process.

evidence for elite capture in the early years of the programme, in so far as targeting was found to be worse in villages with larger land inequality and in remote locations. However, targeting improved as the programme expanded, suggesting that the programme itself shifted the balance of power in favour of the poor. All this points to the existence of a mutually reinforcing relationship between empowerment and the practice of participation.

Similar synergy is found between participation and social capital. It is generally recognized that the existence of social capital facilitates the emergence and sustainability of participatory institutions (e.g., Krishna, 2002). It is equally true, however, that the very practice of participation can contribute to the strengthening of social capital. One example is the emergence of Neighbourhood Groups in Kerala below the tier of village assemblies (*grama sabha*), which is formally the lowest tier of participatory process devised by the Campaign. These new Groups have emerged as the *grama sabha* turned out to be too large and too distant an entity for most people given the dispersed nature of habitats in rural Kerala. These Groups have begun to function as mini-*grama sabhas* that discuss local issues and priorities, review plan implementation, and select beneficiaries. They have also taken up other activities such as conflict resolution, after school educational programs, health clinics, cultural activities and thrift schemes. As Isaac and Heller (2003) note, “The crowding-in effect that the Campaign appears to be having on associational life in Kerala is also manifest in the proliferation of a variety of self-help groups, particularly women’s micro-credit schemes.”

In Porto Alegre, Baiocchi (2003) has noted that as people became deeply involved in negotiations and became acquainted with other persons in the district through the process of participatory budgeting, they developed lasting bonds with activists from other districts and developed solidarities. Through this process, many new associations in civil society have emerged, which has added a new zeal and vibrancy to the civil society in Porto Alegre. This catalytic effect has been so strong that some have even described the Porto Alegre experiment as a ‘school of deliberative democracy’. “Observers of the process, such as Gildo Lima, one of the architects of the participatory structures in the first administration, argue that civil society has indeed become less locally focussed as a result of the PB, and that a new form of mobilization has emerged.” (Baiocchi, 2003).

Another kind of synergy – one between local participation and broader political changes – can be seen in places as diverse as Rajasthan (India) and Bolivia. In one of the poorest regions in the Indian state of Rajasthan, ordinary rural people engaged in a participatory exercise in social auditing to check whether the local government (*panchayat*) expenditures were made according to the plan. The leading actor was a mass-based organization called *Mazdoor Kishan Shakti Sangathan* (MKSS; translated as Movement for the Empowerment of Peasants and Workers), which mobilized the common people against severe odds as the exercise was going to expose corruption of powerful people. One of the main problems MKSS faced in this task was in eliciting relevant information from official records, which was necessary to hold the corrupt people accountable on the basis of solid evidence. It took nearly seven years to prepare the documentation that made a *prima facie* case that corruption was widespread. This experience inspired MKSS to

launch a broader campaign for the fulfillment of people's right to information. As the campaign gathered momentum, other organizations joined forces both within and outside Rajasthan, and eventually forced the Indian government to legally recognize the right to information.³⁸

Bolivia launched its Popular Participation Law in 1994 mainly to give opportunities for democratic participation to the indigenous people whose rights had long been neglected. A large-scale reform at administrative and fiscal decentralization allowed these people to take part in governance and developmental activities for the first time through a number of channels.³⁹ These channels also became avenues for expressing local grievances, and as the practice of expressing grievances became widespread it led first to small movements, which soon snowballed into larger ones. Thus, local grievances among *cocoleros* (coca growers) in the *Chapare* region led to a small grassroots party winning control of 11 municipalities in the 1995 elections. Evo Morales, an indigenous leader, transformed this movement into a nationwide campaign against privatization of water provision and energy resource policies, which set in motion a series of political events that eventually led Morales to assume office of the Presidency of Bolivia in 1995. As Blair (2007) rightly observes: "It would not be too great a stretch to say that the Popular Participation Law of 1994, intended to stimulate grassroots participation among a long neglected indigenous population, quickly became so successful that an indigenous movement gained control of the national government itself."

These examples of synergy between local-level participation and larger political changes help address one worry that is sometimes expressed about the fall-out of excessive emphasis on decentralized participation. Questions have been asked whether success in community participation at local levels might not jeopardize efforts to make the state function better at all levels. There is a fear, for example, that deep engagement of people in local level democracy might create apathy towards democracy at the national level, or that emphasis on accountability at the local level might weaken accountability mechanisms at the national level (sometimes expressed as the trade-off between the short route and the long route to accountability⁴⁰), or that the spirit of collaboration between different social strata imbibed by community participation at local levels might sap the force of adversarial social movements (such as trade unions) that seek to combat social inequalities on a larger scale, and so on. In short, the fear is that success of participation in the local arena might create negative externalities for the larger arena.

Examples can be found where one or the other of these fears has indeed come true, but the examples of synergy we have discussed above (and many more that we haven't) clearly indicate that there is no inevitability about them. Nor is it a matter of chance whether the relationship between local and larger arenas would turn out to be one of synergy or of negative externalities. It is the nature of human agency that makes the

³⁸ For perceptive analyses of the Rajasthan movement, see Jenkins and Goetz (1999) and Goetz and Jenkins (2001).

³⁹ See, among others, Blair (2000, 2007) and Grindle (2000) for insightful analyses of the Bolivian experience.

⁴⁰ On this and other issues related to accountability, see Goetz and Jenkins (2004).

difference. Just as the success or failure of participation itself depends on human agency – viz., how well various actors like the state, the civil society and the people themselves take measures to bridge the capacity gap, the incentive gap and the power gap, the relationship between local and larger arenas also depends on human agency – viz., how conscientiously these same actors try to foster the potential synergies. It should not come as a surprise that the role of human agency should be pre-eminent in determining the success or failure of what is after all a social institution.

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